PAYMENT

Physicians	Fee-for-Service	Capitation: Own Services	Capitation: Specialists	Capitation: Lab/X-ray	Capitation: Hospital	Stop-Loss Protection	Comments
Group							
PCP							
Specialist							
Other: (Specify) (vis., IPA, PHO, Intermediate Entity)							

INCENTIVE ARRANGEMENTS

Physician	Bonus is _____ % of Payment	Withhold is _____ % of Payment	Multiple Risk Pools: PCP, Specialists, Hosp.	Risk Pools are Group or Individual Based	Physician/Group Responsible for Deficits in Excess of Withhold
PCP					
Specialist					
Other: (Specify)					

HMO Type: [ ] Group [ ] Staff [ ] IPA [ ] Mixed Model

PHYSICIAN INCENTIVE ARRANGEMENTS

WS-IA1

PAYMENT ARRANGEMENTS

Requirement: No legal requirement. OBRA 1990 and the PIP regulation do not mandate any requirements related to payment mechanisms.

Sample: Contracts for different physician contracting types, e.g., IPAs, groups, PCPs, specialists, PHOs and other.

Purpose: When reviewing incentive arrangements, it is important to understand how physicians are paid since the risk arrangements are related to the payment arrangement.

Column Explanation:

Fee-for-Service (FFS): If paid FFS, note if the payment is based on a discount or a maximum fee schedule.

Capitation (own services): If individual physician is capitated, is there a minimum number of members for his/her panel before the capitation begins. If not, this could cause some concern for excess risk.

Capitation (specialists, lab/x-ray, hospital): What specific services are included in the physicians' capitation? What kind of risk is there for physicians, other than for their own services? If physicians are only ~~are~~ at risk for their own services, then the PIP regulation does not apply because it is only when risk for referral services is transferred to a physician or group that the regulation comes into play.

Stop-loss Protection: Does the M+CO provide for catastrophic coverage after "X" amount for an individual during a given year (e.g., M+CO or insurance covers 90 percent after $10,000 per individual per year)? The PIP regulation requires specific levels of stop-loss coverage where there is substantial financial risk for referral services. See OPL 96.045 and FR notice 12/31/96 for specific requirements.

INCENTIVE ARRANGEMENTS

Requirement: Per 4204(a), OBRA '90, a risk contracting M+CO is prohibited from having incentive arrangements, including specific payment to physicians, which act as an inducement to withhold or limit medically necessary services to specific enrollees. Further, if an organization places its physicians at substantial financial risk,(defined as more than 25% of total potential payments "at risk" for referral services), the M+CO must: 1) conduct annual member satisfaction surveys to assess the adequacy of access and satisfaction with quality of care; and 2) ~~provide~~ ensure that adequate stop-loss coverage is present. The M+CO must provide HCFA with adequate information regarding its risk arrangements, in order for HCFA to make a determination of compliance with this requirement. 42 CFR 422.210(a).

Purpose: This requirement relates to HCFA's assurance that enrollees have access to medically necessary referral services. It is important to understand that incentive arrangements may widely vary; some M+COs may have several, different types of arrangements with its physicians and the risk could be substantial. Is there any "negative" risk, over and above the provider not getting his/her withhold back? Also note that the regulation recognizes a "bonus" or a combination of bonus/withhold that might exceed 25% of total potential payments based on referral services as conferring SFR.

Sample: Contracts for different physician contracting types, e.g., IPAs, groups, PCPs, specialists, PHOs and other.

Note the following:

Bonus is ___% of Payment: It is more frequent that bonuses are paid in staff model HMOs, as opposed to group or IPA/direct contract models. However, note any bonus arrangement.

Withhold is ___% of Payment: Is the withhold taken from the capitation paid to the medical group/IPA, or is it taken from the fee schedule amount paid for each service?

Multiple Risk Pools: PCP, Specialists, Hospitals: Some arrangements have specific pools which are frequently related to cost centers (which are related to the anticipated costs for providing that type of service to the enrollees). It is important to note if there is a relationship between these pools. For example, if the PCP is at risk for hospital services (whether or not his/her capitation includes an amount for these services) any surplus in the PCP fund may go to cover deficits in the hospital fund; or bonuses might be paid from the hospital fund to the PCP, if utilization is low enough.

Risk Pools are Group or Individual Based: Are any individual physicians/groups at risk solely for services provided by themselves? If so, the PIP regulation does not apply, because there is no risk for referral services.

Physician/Group Responsible for Deficits in Excess of Withhold: Does the M+CO cover deficits in excess of the risk pool, or do physicians/groups cover all risks? Discuss results with individual responsible for evaluating PIP disclosure made by M+CO for current year. Do results corroborate disclosure?